



2009 SDRS Proposed Legislation

An Act to include State Brand Board investigators in Class B public safety membership in the South Dakota Retirement System.

THE ISSUE

The two State Brand Board investigators are certified law enforcement officers who routinely collaborate with other law enforcement officers while handling their own specialized duties. However, they are Class A members of SDRS.

THE SOLUTION

Amend SDCL 3-12-47 to transfer the two brand board investigators to Class B Public Safety status.

An Act to revise certain provisions pertaining to the South Dakota Retirement System, the South Dakota deferred compensation plan and the South Dakota special pay retirement program.

THE ISSUE

Various SDRS statutes have minor inconsistencies, errors or points of confusion, or are slightly out of compliance with federal law.

THE SOLUTION

Draft and submit “clean-up” legislation to dispose of these minor problems.

Current Provisions

- A new employer unit may join SDRS only on the first of January or the first of July. That same statute still requires Board approval before a new employer unit may join the System.
- Existing law dealing with refunds from the System addresses only payouts to members.
- A member who terminates, refunds, and then later returns to SDRS membership may redeposit the refund, plus interest, to reinstate the member’s credited service.
- A member of a public retirement plan cannot draw a retirement benefit on the basis of purchased nonqualified permissive service credit unless the member has at least five years’ contributory service in the plan.
- A participating SRP member may not receive any sort of payout until the member has terminated employment or has qualified for an unforeseeable emergency distribution.
- A Special Pay Plan participant may roll his or her plan funds over to another qualified or eligible plan without taxation.

Proposed Changes

- Amend the statute to remove the Board approval language. Also amend the statute so that a unit need only wait until the beginning of the next quarter to join.
- Amend SDCL 3-12-76.3 to include surviving spouses and non-spouse beneficiaries in SDRS lump-sum payouts. Also, amend the statute to state that the details for rollover payouts will be maintained in administrative rule.
- Amend SDCL 3-12-80 to make clear that a member who has redeposited is treated as though the member never refunded, except for the purposes of qualifying for survivor benefits, disability benefits and the “spouse option.”
- Amend SDCL 3-12-84.2 either to restrict purchases of nonqualified permissive service credit or else to mandate a refund if the purchasing member does not qualify to use the service credit toward an increased annuity at retirement.
- Amend SDCL 3-13-54 to allow in-service payouts to automatic enrollees who choose to opt out of that program.
- Amend SDCL 3-13A-20 to include surviving spouses and non-spouse beneficiaries in permitted plan rollovers to qualified or eligible plans. Also, amend the statute to state that the details for rollover payouts will be maintained in administrative rule.

An Act to remove a restriction on purchase of certain credited service by members of the South Dakota Retirement System.

THE ISSUE

The federal law governing SDRS allows participants in public retirement plans to purchase “nonqualified permissive service credit.” However, System members face tighter restrictions than required under federal law because SDRS does not allow purchases of nonqualified permissive service credit associated with periods of time when a member worked in the private sector. The Board’s rationale for that restriction may no longer be in place.

THE SOLUTION

Amend SDCL 3-12-88.2 to remove the restriction. Since all purchases are now priced at their actuarial cost, there is no additional cost to the system for these changes.